

**BEFORE THE LAND VALUATION TRIBUNAL
AT ROTORUA**

LVP 14/05

BETWEEN

ROBERT FORSYTH
Objector

AND

QUOTABLE VALUE NEW ZEALAND
Respondent

Hearing: 20 November 2006

Appearances: Objector In Person
Mr M Power, Registered Valuer for the Respondent

Judgment: 23 February 2007

**RESERVED JUDGMENT OF WAIKATO NO. 2 LAND VALUATION
TRIBUNAL**

[1] This is the hearing of objections to the land value rating valuations in respect of the residential property at 46 Ngauruhoe Street, Taupo as at 1 July 2004 and 1 July 2005 respectively.

[2] The valuations challenged are these:

1 July 2004

Value of improvements	\$ 100,000
Land value	\$1,250,000
Capital value	\$1,350,000

As at 1 July 2005

Value of improvements	\$ 100,000
Land value	\$1,575,000
Capital value	\$1,675,000

THE PROPERTY

[3] The property at 46 Ngauruhoe Street, Taupo comprises Lots 54 and 61 on DP23448. Lot 54 contains 1,037 m² and Lot 61 contains 1,169 m² making a total area of 2,206 m², each registered under their own Certificate of Title.

[4] The objector purchased the property in June 2003 for \$1,325,000.

[5] This analyses to a land sale price of \$1,250,000 which in fact equates to the land value figure struck by Quotable Value New Zealand as at 1 July 2004.

[6] The objector helpfully provided the Tribunal with a series of coloured photographs of his property, and other properties in the vicinity, and he produced detailed tables to show a lack of uniformity when his property was compared with other neighbouring properties, in particular 62 Ngauruhoe Street.

[7] As previously stated, the objector's property is in two titles, but his house straddles both. A sewer line runs diagonally across the rear of Lot 54. This fact is commented on by Mr Power on behalf of Quotable Value New Zealand. Mr Power said that in its present position, the sewer line restricts building options. We heard no evidence from either side as to show the precise location of the sewer line, the costs to relocate it, or whether re-survey would produce another usable lot. Furthermore, there was no evidence of the likely cost of such re-survey.

[8] Quotable Value discounted Lot 54 by \$50,000 for the presence of the sewer line, but no evidence was produced to justify the reduction.

MATTERS RAISED BY THE OBJECTOR

[9] The objector gave evidence to show a lack of land value uniformity with his neighbours and, in particular, with a similar sized property at 26 Ngauruhoe Street. He contended that as at 1 July 2004, the land value of his own property should be \$630,000 and as at 1 July 2005, it should be \$1,200,000.

[10] He said that from a time prior to his purchase of the property, the grounds had not been fully maintained; that fences were broken; that there was a substantial weed problem throughout the property with ivy growing thickly in all areas of the property, together with blackberry, broom and bamboo. The objector also referred to the fact that the landscaping was old and largely in need of repair or replacement. He also referred to crumbling retaining walls and a broken concrete drive.

[11] In terms of the definitions in s.2 of the Rating Valuations Act, the overgrowth on the property comes under the definition of land. The concrete drive is an improvement to the extent that it increases the value of the land and its benefit is not exhausted at the time of valuation. Retaining walls are not an improvement under s.2. Having viewed the photographs, it would appear that the retaining walls being referred to were not structurally designed to retain the earth, but appear to have been put there more for ornamental purposes which would make them an improvement providing that their benefit had not been exhausted at the time of valuation.

[12] It is fair to say that the photographs show that the property is overgrown, but they also show extensive mown lawn areas at the front and rear of the dwelling.

[13] The objector claims that the weed problem needs earth moving equipment to remove the top metre or two of the entire property to eliminate the underground weed structure. We conclude, after viewing the photographs, that such drastic intervention is not warranted and that mature weeds appear to be confined to some boundaries and the frontage of the property. These matters of themselves in our view would not justify a reduction in land value.

COMPARISON WITH 62 NGAURUHOE STREET

[14] The area of 62 Ngauruhoe Street is 2,458 m² comprising two lots that are registered in one Certificate of Title. As at 1 July 2004, the property had a land value of \$630,000 and as 1 July 2005, the land value was \$1,200,000. It seems likely that Quotable Value New Zealand made a mistake in respect of No. 62 when striking a land value of \$630,000 as at 1 July 2004, as the latter figure is close to the land value of neighbouring properties on a single lot. Our task however is to determine the land value of No. 46. So the appropriateness of the land value of No. 62 is of no relevance to us except from the secondary aspect of uniformity. In respect of No. 62, Mr Power admitted that the land values up to 2003/2004 were too low and that they had been increased progressively since then to improve uniformity and be closer to market value.

SALES EVIDENCE

[15] In respect of the valuation date of 1 July 2004, Mr Power referred to sales of 23-25 Birch Street; 8 Ngauruhoe Street; 164 Lake Terrace and the sale of the subject property in June 2003 to its present owner, the objector. The sales evidence was provided with limited detail. All sales were analysed land value sales with no sales of vacant lots as we would expect. Two of the sales provided had had the dwellings removed after sale.

[16] In respect of the valuation date of 1 July 2005, Mr Power referred to three unidentified section sales and their subsequent re-sale. He also lists a re-sale of 164 Lake Terrace. Again there is no detail.

MATTERS RELEVANT TO VALUES AS AT 1 JULY 2004

[17] 23-25 Birch Street was the sale of two lots and a dwelling. There was no indication whether or not the two lots were in one title like 62 Ngauruhoe Street, or in two Certificates of Title like 46 Ngauruhoe Street.

[18] To those properties that had dwellings removed after sale, Quotable Value New Zealand ascribed the following values for the removed dwellings:

23-25 Birch Street	Value assigned to large 1960's dwelling	\$ 22,500
8 Ngauruhoe Street	Value assigned to large 1960's dwelling	\$110,000
164 Lake Road	Value assigned to large 1970's dwelling	\$200,000

[19] The question arises as to why the dwelling at 23-25 Birch Street should have been valued so low.

ANALYSIS OF SALES EVIDENCE IN SUPPORT OF 1 JULY 2004 VALUES

<u>Address</u>	<u>Comparison with</u> <u>subject property</u>	<u>Date</u> <u>of sale</u>	<u>Analysed Land</u> <u>Sale Price</u>	<u>Area</u>	<u>PSM</u> <u>Rate</u>
23-25 Birch Street	Slightly inferior (2 lots)	04/04	\$ 600,000 <u>\$ 500,000</u> <u>\$1,100,000</u>	921m² 1024m² <u>1955m²</u>	\$694m² \$488m² average
8 Ngaruahoe Street	Superior	06/04	\$ 750,000	890m²	\$843m²
164 Lake Terrace	Slightly inferior	05/04	\$ 500,000	1227m²	\$407m²
<u>Subject Property (QV)</u>	<u>Date of Value</u>	<u>Land Value</u>	<u>Area</u>	<u>PSM</u>	
46 Ngaruahoe Street (2 lots)	1/7/04	\$ 600,000 <u>\$ 650,000</u> <u>\$1,250,000</u>	1037m² <u>1169m²</u> <u>2206m²</u>	\$578m² \$556m² average	\$567m²

[20] If the dwelling at 23-25 Birch Street were assigned a higher value, say \$80,000, the following would result:

<u>Analysed Land Sale</u>		<u>PSM Rate</u>
<u>Price</u>		
\$ 570,000		\$ 570,000
<u>\$ 472,500</u>		<u>\$ 470,000</u>
<u>\$1,042,500</u>	say	<u>\$1,040,000</u> \$532m ² average

MATTERS RELEVANT TO VALUES AS AT 1 JULY 2005

[21] The only evidence produced was the percentage increase on re-sales and the indicative movement on Quotable Value's statistics from mid 2004 to mid 2005, which were:

Average Taupo Section prices	+20%
Mr Power's three section sales (average)	+38%
Mr Power's section sales less high sale section (average)	+22.8%
Re-sale 164 Lake Terrace	+21.4%

[22] Discounting the high sale section, the average percentage increase is 21.4%. For the subject property at CV \$1,675,000 and LV \$1,575,000, Quotable Value has applied increases of 24% and 26% respectively. At an increase of 21.4%, a land value for the subject property, would be \$1,517,500 say \$1,520,000.

CONCLUSION

[23] On the evidence that we have heard, the objector has not discharged the onus that is upon him to show that the land value of \$1,250,000 as at 1 July 2004 is wrong. Accordingly that objection fails.

[24] However, on the limited information provided to us by Quotable Value to support its valuations as at 1 July 2005, we conclude that the objector's complaint that compared with comparable properties, the land value ascribed to his property by

Quotable Value is too high and that applicable land value as at 1 July 2005 is \$1,520,000.

[25] The values are therefore set at:

1 July 2004

Value of improvements	\$ 100,000
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Land value	\$1,250,000
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Capital value	\$1,350,000
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ie, no change.

1 July 2005

Value of improvements	\$ 100,000
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Land value	\$1,520,000
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Capital value	\$1,620,000
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